



Session 6: Enhancing mobilization of and access to climate finance

Mobilization of, and Access to, Climate Finance



United Nations
Climate Change Secretariat



Technical Workshop on Climate Finance in the Association of Southeast Asian Nations (ASEAN)

Park Inn by Radisson
Quezon City, Philippines
29 – 30 October 2019

Outline

- Challenges/ Opportunities in accessing and mobilizing international public CF
- General comparative requirements, guidelines and conditions in accessing different international public finance
- Support/Needs of DFIs

...briefly

106 MEMBERS

39 COUNTRIES

FOUNDED 1976

**DURING the 6th ADB
conference for DFIs**



**SECRETARIAT in
MANILA, Philippines**

**FOUNDING
MEMBER**



NGO



asae
The Center for Association Leadership

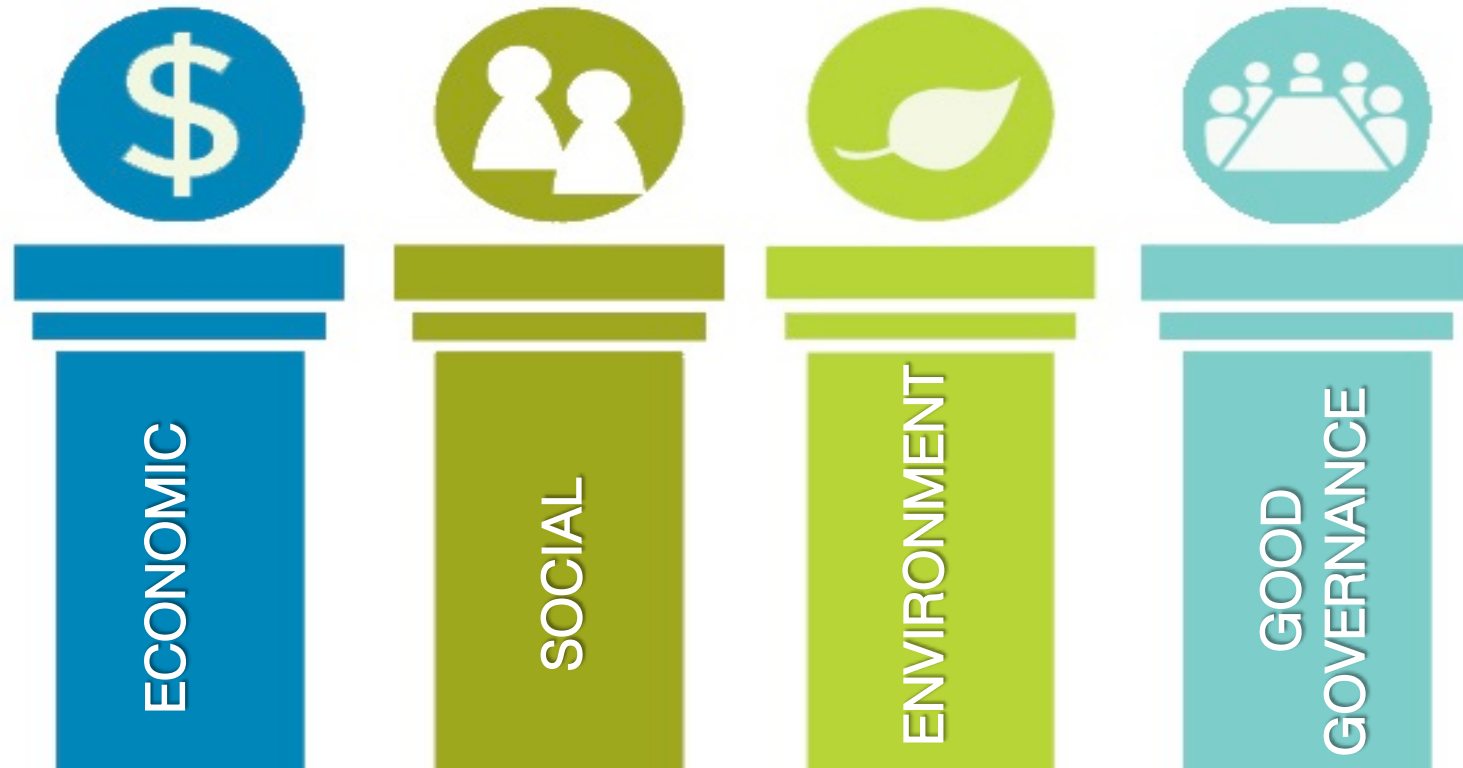
**Associations Make a
Better World Award
2008**

CSR Works

**Asia's Best
Sustainability Report
2015**

Purpose & Advocacy

TO ADVANCE SUSTAINABLE DEVELOPMENT...



...through the projects and programs financed by members.

Challenges

- Clarity on the definition of CF and what constitutes CF aside from the recognized mitigation and adaptation projects
- Stringent requirements on the establishment of Fiduciary and ESG standards
- Tedious project preparation and documentation (preparation of project concepts/proposal)
- Coming up with quality projects and proposals

Challenges

- Financing is offered in foreign currency and requires sovereign guarantee (thus, requiring government approvals – takes time)
- Factoring FOREX risk and guarantee cover costs sometimes renders the fund not competitive in the market
- Assurance that there will be adequate and available funding source/s in the long haul

Opportunities

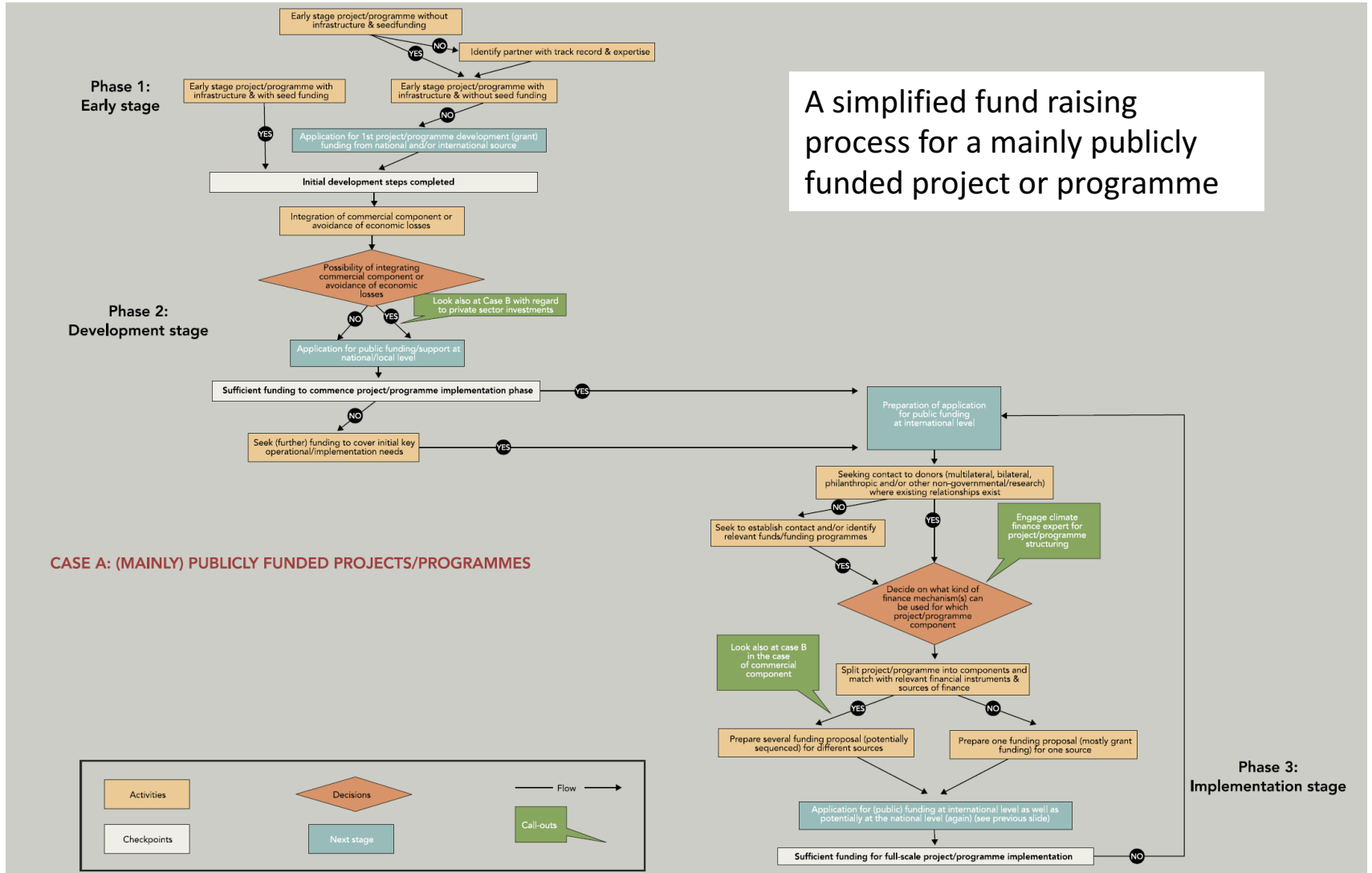
- Provides concessional term or long term financing which helps improve project viability and affordability
- International best practices (knowledge transfer)
- Greater access to finance to wider market/s

Accessing international public CF

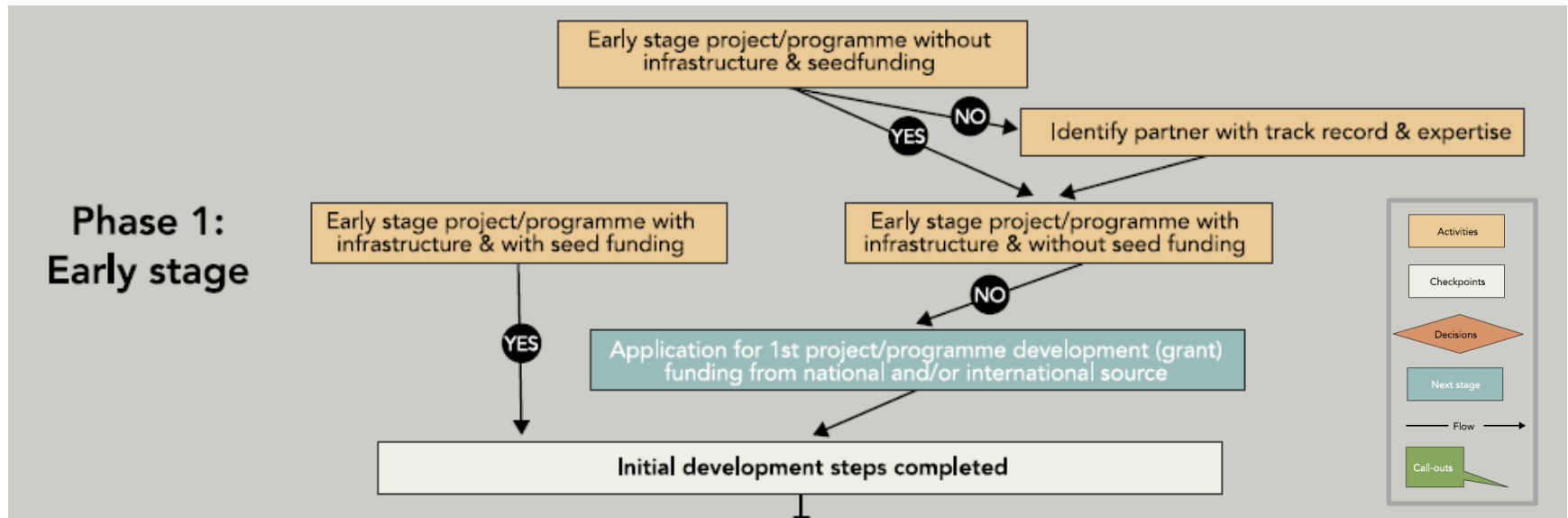
- The subsequent slides were adopted with slight modifications from Tippmann, R. et. al (2016), “ClimaSouth E-Handbook No. 8, Accessing Climate Finance, A step—by-step approach for practitioners” (accessed from www.climasouth.eu)
- The handbook is seen as a living document, to be regularly updated based on experiences and lessons learned using the toolbox. It builds on existing national capacities to raise funding in compliance with the requirements of entities such as the Adaptation Fund, the Climate Investment Funds, the Green Climate Fund and other funding options.
- The information provided is not bound to any geographical region and can therefore be used by interested stakeholders globally.
- The toolbox can be used by any public, non-government or private stakeholder aiming at developing and implementing climate actions with the need for funding.
- The role of the main multilateral and bilateral climate funds and programmes is presented, and other co-funding opportunities are also introduced.

Accessing international public CF

A simplified fund raising process for a mainly publicly funded project or programme



Phase 1: Early Stage



Mainly for non-profitable adaptation/ mitigation project or programme by public, non-government or community-based organizations

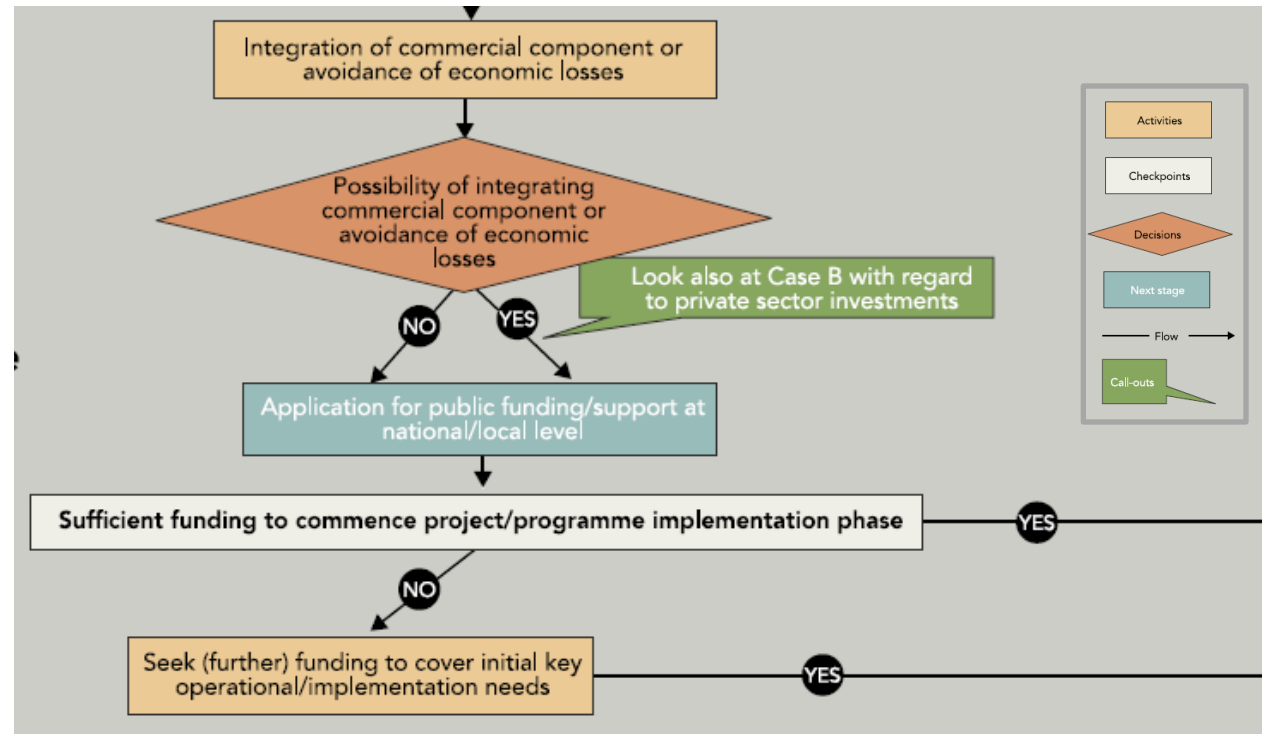
Early stage without any technical/project/programme infrastructure and seed funding. In this case seeking a partner with track record and expertise in the field is not only advisable but necessary to receive funding later in the process.

Early stage building on existing technical/project/programme infrastructure and without seed funding. Often an application for a project development grant will help to overcome this first hurdle, i.e. usually the stage where project idea or concept notes need to be prepared.

Early stage building on existing technical/project/programme infrastructure and with seed funding. The project/programme will be able to complete the development stage on its own – including feasibility studies etc.

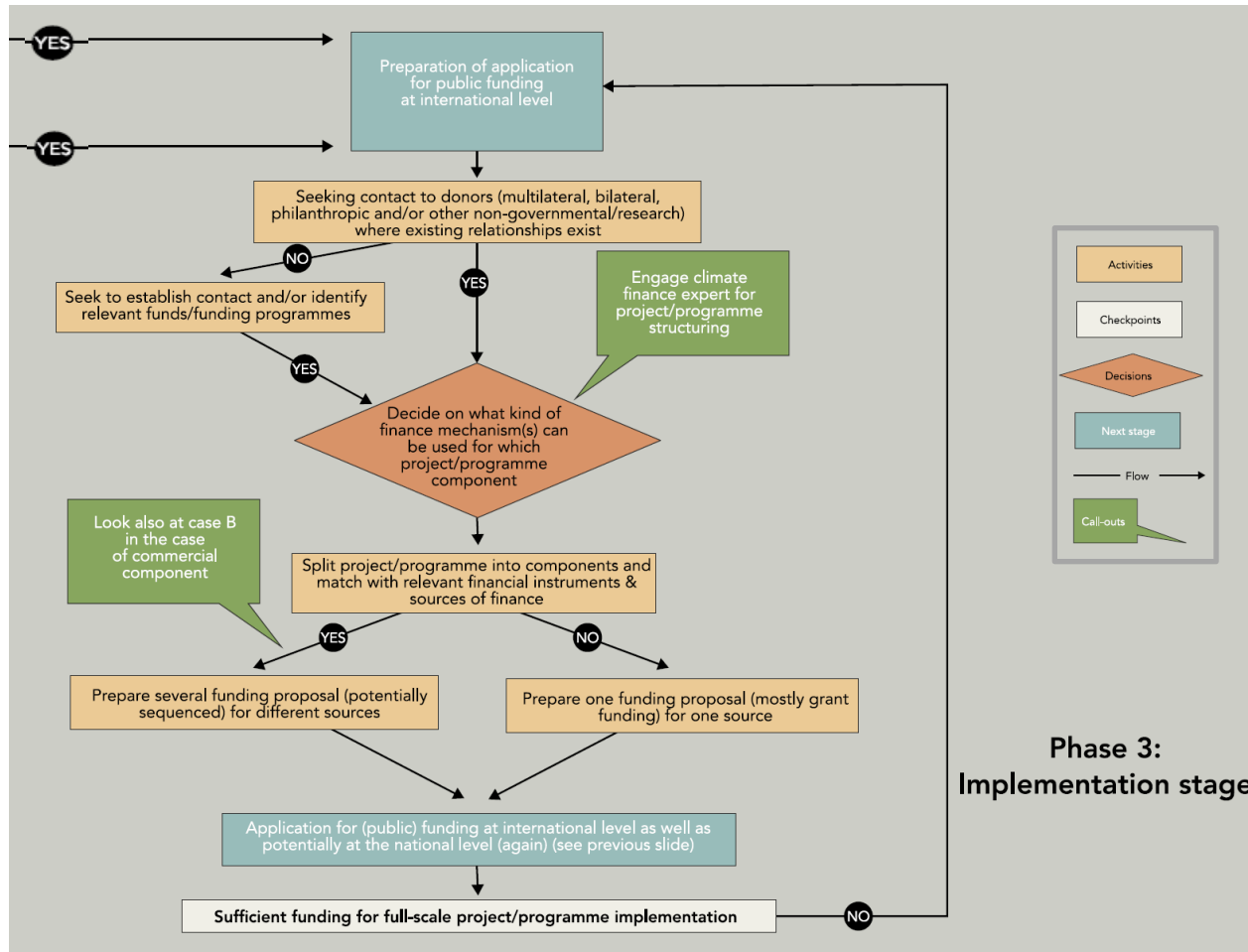
Phase 2: Development stage

- What kind of intervention will be (mainly) pursued (TA, demo project, investment project, investment program)?
- What is the overall size of the project in terms of finance required and what are the appropriate finance mechanisms to achieve financial closure?
- What kind of ownership structure is foreseen?
- Where will the project/programme be implemented?



Generally, the preparation of an initial concept note is followed by a full proposal once the concept passes the assessment criteria of the financial institution being approached (multilateral, bilateral, philanthropic and/or non-government/research sources at international level).

Phase 3: Implementation stage



Screening Form

KEY ASPECTS/ELEMENTS	QUESTIONS & ISSUES TO BE CONSIDERED	RATING (FROM 1-3*)
Project/programme description	<ul style="list-style-type: none"> • Is the technical nature of the project clear and sound? • Is the location and context in which the project/programme will be implemented clearly described? • Are the project promoter/sponsor and beneficiaries, if different, well described? Is there information allowing for a first assessment of the sponsor's experience, operational and financial capacities and creditworthiness? 	
Type of project/programme and expected results	<p>Will the proposed climate action lead to (a) emission reductions/avoidance, or (b) adaptation or both (e.g. a climate smart approach combining resilience, adaptation and mitigation)?</p> <p>In the case of (a) mitigation</p> <ul style="list-style-type: none"> • Are the reference scenario/baseline GHG emissions and the project scenario provided? • Is a first estimate of annual GHG emissions/emission reductions available? • Are the GHG reductions measurable and quantifiable? <p>In the case of (b) adaptation</p> <ul style="list-style-type: none"> • Are the vulnerabilities to climate change this project/programme will limit described? • Are the expected developments/trends under the reference scenario in the target sector(s) in the absence of the adaptation intervention described? • Are the specific adaptation activities that will be implemented and increased climate resilience through this project/programme elaborated? 	
Compliance with national priorities	<ul style="list-style-type: none"> • Does the project/programme fit in with national climate action priorities as laid out in the relevant national climate strategies, policies and action plans and related national communications? • Has the project/programme been subject to an environmental impact study and, if so, are the results available? 	
Implementation plan	<ul style="list-style-type: none"> • Who will implement the project, when and how will it be implemented? • Is the preparation of an MRV component described? 	
Indicative budget and co-financing	<ul style="list-style-type: none"> • Is the overall budget for this project provided? • Are the levels and sources of co-financing the proposed project/programme provided (including financing structure and timing of public/private contributions)? 	

*Note: The scoring should be done per row taking into consideration to what extent the requested information in the row has been provided. The scoring scale is: 1. No information available (including upon request) 2. Information partially available (with a chance to be provided in due course) 3. Information is generally/fully available (minor gaps will be addressed shortly). Applicants that are not able to provide any of the above key information within a reasonable timeline (a couple of weeks), i.e. a score of 1, should not be further considered in the process. Applications that score 3 across the board can progress to the next assessment level. Applications that receive a score of 2 in (a) certain category/ies should be given the chance to achieve a score of 3 once the information is provided. The scoring should take the actual contents into account and whether the proposed project/programme has a chance to get off the ground (e.g. a proposal not being able to show any kind of contribution of resources, even in-kind, or cannot demonstrate a basic understanding of designing climate actions, or in-country experience or addressing government priorities should not be further considered).

- The screening checklist is used when assessing project ideas or concepts, either external or internal reviews by officials/managers.
- Scoring system – developed to assist with the decision as to whether the concept or proposal under consideration should be taken forward.

Concept review checklist

Key aspects/elements	Questions & issues to be considered	Rating (from 1-3*)
Project/programme description	<ul style="list-style-type: none"> • Is the overall objective of the project/programme clearly and accurately defined? • Are the location and the implementation context of the project/programme specified? • Who is the project sponsor and is the sponsor experienced, credible and has sufficient operational and financial capacities? • Is the technical nature of the project/programme and the provided information/data consistent and sound? • Are there different activities with specific objectives described and related data allowing to measure progress and implementation? • Are an overall budget and a distribution across activities provided? • Who is involved in financing the project/programme and at what financing levels? 	
Type of project/programme and expected results	<p>Will the proposed climate action lead to (a) emission reductions/avoidance, or (b) adaptation or (c) both (e.g. a climate smart approach combining resilience, adaptation and mitigation)?</p> <p><i>In the case of (a) mitigation</i></p> <ul style="list-style-type: none"> • Are the reference scenario/baseline GHG emissions and the project scenario provided? • Are the annual net GHG emissions without the project provided? • Are the annual net GHG emissions with the project provided? • Can the long-term net GHG emission reductions of the project be measured and tracked? • Additionality: Are the emission reductions only possible with the project? (Comment: This applies only to mitigation actions creating carbon credits for the international compliance market) <p><i>In the case of (b) adaptation</i></p> <ul style="list-style-type: none"> • Are the climate context and the current ecological and socio-economic context of the project and its perspectives in relation to climate change clearly described? • Are there and what are the different forms of vulnerability present in the project environment and does an own resilience capacity exist without the project? • Are the vulnerabilities to climate change this project/programme will limit described? • Are the expected developments/trends under the reference scenario in the target sector(s) in the absence of the adaptation intervention described? • Are the specific adaptation activities that will be implemented and increase climate resilience through this project/programme described? • Does the proposed monitoring include appropriate measurable indicators to assess the success of the adaptation measures proposed by this project/programme? • Are the proposed activities only realized with the requested funding? What percentage? (Comment: Incremental cost) 	
Compliance with national priorities	<ul style="list-style-type: none"> • Has the project/programme been subject to an environmental impact study and, if so, do we agree to its implementation then? • Are the various activities proposed by the project/programme in accordance with the relevant national legislation and regulations of the country? • Does the project/programme fit in with national climate action priorities as laid out in the relevant national climate strategies, policies and action plans and related national communications and is it contributing to the Nationally Determined Contributions (NDC) or to the Intended Nationally Determined Contributions (INDC)? • Is there a government permission or endorsement to implement the project in the context of climate policy in the country? 	
Implementation and monitoring plans	<ul style="list-style-type: none"> • Are the project stakeholders (local, regional, national and international) known? • Are the specific roles and responsibilities of each of these stakeholders in the proposed project described? • Is the level of involvement of these actors in the project design and its implementation described? • Is there a future formalized project management/organizational structure with clear roles and responsibilities for the different partners with underlying contractual arrangements? • Is there an organization or partner in the project/programme taking care of the monitoring? How? 	
Indicative budget and co-financing	<ul style="list-style-type: none"> • Is there an overall budget for this project? The following details need to be looked at: <ul style="list-style-type: none"> • The budget should be based on a detailed estimate of an activity-based budget • The budget estimate must be prepared distinguishing the development costs of the project/programme and the costs of implementation (incl. the monitoring) • Are the financing requirements and potential sources to cover them known? Is level of financial participation at the national level assured and by whom? • Are the levels, nature and sources of co-financing the project expects known? • Is there a need for funding the (further) preparation of the project? • Is/are the fund(s)/financing that will be targeted if the project meets the eligibility criteria mentioned? 	

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Proposal review checklist

Key aspects/elements	Questions & issues to be considered	Rating (from 1-3*)
Brief project/programme information	<p><i>Project/programme executive summary, i.e. a brief description of the proposed project/programme, including</i></p> <ul style="list-style-type: none"> • Objectives and primary measurable benefits (see below expected results which address underlying investment criteria) • Location • Milestones (implementation start and end date, project/programme lifespan, financial closure) • Project size (investment volume) • Sector/technologies(i.e. which results areas does the proposed project/programme address) • Involved national authorities relevant to the climate action 	
Financing information and financial elements	<ul style="list-style-type: none"> • Funding plan with integrated financial model available and sound, including detailed activity-based budget • Description of choice of financial instruments with a view to overcome barriers, achieve objectives and leverage more finance provided • Detailed information about financial instruments, amounts as well as payback periods and interest rates in the case of debt finance • Amount requested from the/a specific fund and co-financing amounts provided? • Specification of fee arrangements with intermediary organizations is provided <p><i>Financial market information provided (if needed; usually inserted by an intermediary such as an accredited entity to the Green Climate Fund or the Adaptation Fund)</i></p> <ul style="list-style-type: none"> • Information about how market price or expected commercial rate return was is determined in the case of non-concessional instruments • Overview of the size of total banking assets, debt capital markets and equity capital markets provided • Overview of market rates for bonds and syndicate loans (incl. credit rating where applicable) and information about comparable transactions 	
Strategic context & embedment in national priorities	<p>Consistency with national sustainable development strategies, including, where and as appropriate, national development plans, poverty reduction strategies, national communications, (Intended) Nationally Determined Contributions, National Adaptation Programmes of Action /National Adaptation Plans, Nationally Appropriate Mitigation Actions, Technology Needs Assessment Reports etc.</p>	
Project/programme objective and baseline scenario	<p><i>Clear and proper description of the baseline scenario (i.e. emissions baseline, climate vulnerability baseline, key barriers, challenges and/or policies), including evidence for</i></p> <ul style="list-style-type: none"> • Hard historical data consulted and analysed • Climate change problem clearly identified and stated • Development issues identified and addressed • Immediate, underlying and root causes identified (<i>refer to literature on results-based management frameworks for more details</i>) • Vulnerable groups, areas or sectors identified (<i>only relevant in the case of adaptation</i>) • Level of vulnerability assessed • The preferred situation or vision formulated • Barriers to the preferred situation identified <p><i>Outcomes and the impact that the project/programme will aim to achieve in improving the baseline scenario are described and clear responses identified</i></p> <ul style="list-style-type: none"> • One objective of the initiative identified • Outcomes of the initiative identified and feasibility assessed, including justifications provided (e.g., baseline and alternative scenario for the selected outcomes described) 	
Project/programme description	<p>Description of the main activities and the planned measures of the project/programme according to each of its components provided</p>	

Proposal review checklist

Key aspects/elements	Questions & issues to be considered	Rating (from 1-3*)
Project/programme sponsor	<ul style="list-style-type: none"> • Does the project/programme sponsor have operating experience in the host country or other developing countries? • What is the financial condition of the sponsor? • How will the project/programme sponsor support the project/programme in terms of equity, management, operations, production and marketing? 	
Market overview (if needed)	<ul style="list-style-type: none"> • Is the market for the product(s) or service(s) described, including the historical data and forecasts? • Key competitors with market shares and customer base are provided (if needed). • Pricing structures, price controls, subsidies available and government involvement provided (if needed). 	
Regulatory environment, taxation and insurance (if needed)	<ul style="list-style-type: none"> • Are details of government licenses or permits required for implementing and operating the project/programme, the issuing authority, and the date of issue or expected date of issue provided? • There is a description of applicable taxes and foreign exchange regulations. • Details on insurance policies related to the project/programme are provided 	
Implementation/ institutional arrangements	<ul style="list-style-type: none"> • A detailed description of the governance structure of the project/programme • Operational arrangements with key contractual agreements following the completion of construction are described (if needed, the creditworthiness of key counterparties should be assessed and risk mitigation measures described). • Construction and supervision methodology with key contractual agreements is described • The project stakeholders at the local, regional, national and international level have been clearly identified - including their specific roles and responsibilities, the level of involvement of these actors in the project design and its implementation – and key stakeholders been initially consulted already 	
Project/programme implementation plan & timeline	<ul style="list-style-type: none"> • A project/programme implementation plan with all activities and a timetable as per the defined activities is provided, including milestones/outputs marked (a more detailed timetable is also provided/attached to the proposal) 	
Value added for a fund's involvement & longevity of project/programme	<ul style="list-style-type: none"> • Explanation of reasons for support by the targeted fund/funding programme • Explanation of how the project/programme sustainability will be ensured in the long run, after the project/programme is implemented with support from the specific fund/Funding programme and other sources, taking into consideration the long-term financial viability (see also below) 	

Proposal review checklist

Key aspects/elements	Questions & issues to be considered	Rating (from 1-3*)
<p>Impact potential – supporting climate action objectives and result areas of funding organization(s)</p>	<p>Is/are the mitigation/adaptation impact(s) specified, taking into account relevant and applicable sub-criteria and assessment factors in a fund's/funding programmes investment framework? Applying international best practice, typically these investment framework look into and pay attention to:</p> <ul style="list-style-type: none"> • High impact/max. potential for paradigm shift with regard to shifts towards low-carbon and climate-resilient sustainable development • Leveraging funding and potential for using of public finance and philanthropic funds to mobilize private capital • Private sector engagement • Avoidance of crowding out finance from other public and private sources • Country ownership and institutional capacity • Economic efficiency • Financial viability <p>Are detailed methodologies used for calculating the indicators below described, are specific numerical values for the below key indicators provided and is it described how the indicator values compare to the appropriate benchmarks or reference cases established in a comparable context?</p> <p><i>Mitigation</i></p> <ul style="list-style-type: none"> • Can the long-term net GHG emission reductions of the project be measured and tracked (i.e. expected tonnes of carbon dioxide equivalent [t CO₂ eq.] to be reduced or avoided [annual & lifetime])? <p><i>Adaptation</i></p> <ul style="list-style-type: none"> • What are the specific adaptation activities that will be implemented and increase climate resilience through this project/programme? • Does the proposed monitoring include appropriate measurable indicators to assess the success of the adaptation measures proposed by this project/programme (i.e. expected total number of direct and indirect beneficiaries [reduced vulnerability or increased resilience]; number of beneficiaries relative to total population [%])? 	
<p>Scaling up potential & replicability potential</p> <p>Learning and knowledge potential</p> <p>Contribution to creation of an enabling environment</p> <p>Contribution to regulatory framework and policies</p> <p>Sustainable development potential</p> <p>Country ownership (and capacity to implement, a funded project or programme),</p>	<ul style="list-style-type: none"> • Description of expected contributions to global low-carbon and/or climate-resilient development pathways for scaling up and replication provided • Explanation of how the project/programme contributes to the creation or strengthening of knowledge, collective learning processes, or institutional development • Description of how are supportive actions by the private and public sector promoted Explanation of how innovation, market development and transformation are promoted • Description of how the national / local regulatory or legal frameworks are strengthened fostering investments and climate action planning and development (if needed) • Explanation of whether the undertaking is supported by a country's enabling policy and institutional environment, or includes policy or institutional changes (if needed) • Description of the environmental, social and economic co-benefits • Description of the experience and track record of the intermediaries with respect to the activities that they are expected to undertake(if needed) • A multi-stakeholder engagement plan and consultations are specified 	

Proposal review checklist

Key aspects/elements	Questions & issues to be considered	Rating (from 1-3*)
Efficiency and effectiveness	<ul style="list-style-type: none"> • Description of how the financial structure is adequate and reasonable - addressing existing bottlenecks and/or barriers – • Expected economic and financial rate of return with and without the fund's/funding programme's support is specified • Description of the efficiency and effectiveness in comparison to an appropriate benchmark (see also below) • The co-financing ratio (total amount of co-financing divided by the fund's/funding programme's investment in the project/programme) and/or the potential to attract further investment in the long run in the case of mitigation is provided • Expected volume of finance to be leveraged as a result of the fund's/funding programme's financing, distinguishing between public and private sources, is provided • Description of the financial viability in the long run beyond the fund/programme intervention as well as a financial exit strategy in case of private sector operations • Explanation how best available technologies and practices are considered and applied. • Provision of other relevant indicators (e.g. estimated cost per co-benefit generated as a result of the project/programme) 	
Economic and financial analysis Technical evaluation Environmental & social assessment (incl. gender considerations) Financial management and procurement	<ul style="list-style-type: none"> • Narrative and rationale for the detailed economic and financial analysis (including the financial model, see above) is provided • Economic and financial justification (both qualitative and quantitative) for the soft loan that the fund/funding programme provides • If a particular technological solution has been chosen, a description of why it is the most appropriate is provided • Main outcome of the environment and social impact assessment is described and the Environmental and Social Management Plan, and how the project/programme will avoid or mitigate negative impacts • Description of the project/programme's financial management and procurement, including financial accounting, disbursement methods and auditing 	
Risk analysis and mitigation strategy	<ul style="list-style-type: none"> • A summary of main risk factors and a detailed description of risk factors and mitigation measures are provided • A risk analysis matrix is presented with the financial, technical and operational, social and environmental and other risks • A clear strategy to mitigate identified risks is presented 	
Logic framework	<p>Logic framework in accordance with the fund's/funding programme's performance measurement approach is specified, including (refer to literature on results-based management frameworks for more details):</p> <ul style="list-style-type: none"> • Logical framework analysis established • Outcomes and outputs are identified and prioritised • Cost of selected outcomes and outputs identified • Indicators, risks and assumptions for each outcomes/outputs identified • Indicators are S.M.A.R.T. (Simple, Measurable, Achievable, Realistic, Time bound) 	
Monitoring, reporting & evaluation	<ul style="list-style-type: none"> • Institutional setting and implementation arrangements for monitoring and reporting are specified, including indication on how mid-term and final evaluations will be organized • Methodologies for monitoring and reporting of the key outcomes of the project/programme are provided. 	
Other	<ul style="list-style-type: none"> • Supporting documents for funding proposal provided, such as map indicating the location of the project/programme, financial model, letters of endorsement for all co-financing, pre-feasibility study/feasibility study, environmental and social impact assessment, evaluation report – depending on development status of the undertaking 	

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Thank you for your kind attention!

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ADFIAP
financing sustainable development

